Prince Edward Island
CANADA

Fisheries, Aquaculture and Environment

Aquaculture and Fisheries Research Initiative Inc.

Annual Report 2000/2001

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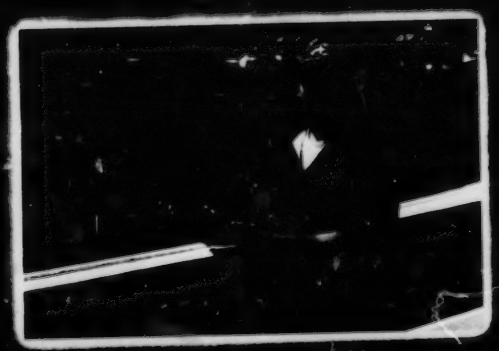

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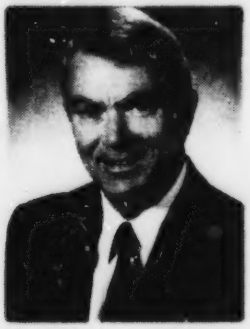
Minister's Message

To the Honourable J. Léonce Bernard
Lieutenant Governor of Prince Edward Island
PO Box 846
Charlottetown, PE C1A 7L9

May It Please Your Honour:

I have the honour to submit herein the annual report of the Prince Edward Island Aquaculture and Fisheries Research Initiative Inc. for the period April 1, 2000 to March 31, 2001.

Respectfully submitted,



J. Chester Gillan, *Minister*
Fisheries, Aquaculture and Environment

PEI Aquaculture and Fisheries Research Initiative

Board of Directors

Lewie Creed	Chairperson
Sefton Dixon	Vice-Chairperson
Wayne Petley	Treasurer
Dr. Ian Dohoo	Member
Roy Drake	Member
Diane Pickering	Member
Wayne Watts	Member
Ricky Farrell	Member
Hank Scarth	Member

Susan Leduc was the Program Officer and Recording Secretary.

Report of the Chairperson Aquaculture and Fisheries Research Initiative Inc.

I am pleased to submit the annual report highlighting the activities of the Prince Edward Island Aquaculture and Fisheries Research Initiative Inc. for the 2000-2001 fiscal year.

The corporation was established to encourage short-term applied or developmental aquaculture and fisheries research in partnership with individuals, businesses and organizations

The corporation is managed by a nine-member board of directors representing government, research agencies and industry. The board held four meetings and the Annual Shareholders meeting.

During the year, the board approved five projects and rejected one.

The following is a list of the approved projects:

"Field Study of the Short-Term Effects of Lobster Baits on Prince Edward Island Lobster Health"
Applicant – PEI Seafood Processors
One-year project
Project cost – $50,200
AFRI contribution – $40,160

"Investigation of Factors Associated with Haemic Neoplasis Proliferation in Cultured and Wild Soft-Shell Clams"
Applicant – PEI Aquaculture Alliance
One-year project
Project cost – $60,410
AFRI contribution – $48,328

"Macroscopic Flora and Fauna Associated with Mussel Socks"
Applicant – PEI Aquaculture Alliance
One-year project
Project cost – $18,806
AFRI contribution – $15,045

"Quahaug Aquaculture Survival Study"
Applicant – PEI Aquaculture Alliance
One-year project
Project cost – $13,889
AFRI contribution – $11,111

"Quahaug Spat Monitoring Survey and Enhancement Study"
Applicant – PEI Shellfish Association
One-year project
Project cost – $10,600
AFRI contribution – $8,480

In conclusion, I want to express my thanks to all board members for their direction and dedication to the company.

Respectfully submitted,

Lewie Creed, *Chairperson*
Prince Edward Island
Aquaculture and Fisheries Research Initiative Inc.

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PEI AQUACULTURE AND FISHERIES

RESEARCH INITIATIVE INC.

FINANCIAL STATEMENTS

MARCH 31, 2001

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
PEI Aquaculture and Fisheries Research Initiative Inc.

I have audited the balance sheet of the PEI Aquaculture and Fisheries Research Initiative Inc. as at March 31, 2001 and the statement of revenue, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
May 15, 2001

STATEMENT 1

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

BALANCE SHEET

AS AT MARCH 31, 2001

ASSETS

	2001	2000
Cash	$ 24,377	$ 97,293
Term Deposit	840,602	839,958
Accrued Interest	921	7,240
Accounts Receivable		
- General	-	355
- Province of PEI	50,000	-
	$915,900	$944,846

LIABILITY AND SHAREHOLDER'S EQUITY

Accrued Liability	$171,263	$158,844
Share Capital - Note 3	100	100
Surplus - Statement 2	744,537	785,902
	$915,900	$944,846

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: _____

DIRECTOR: _____

STATEMENT 2

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
Revenue		
Provincial Grant	$ 50,000	$ -
Interest Revenue	47,001	41,786
	97,001	41,786
Expenditures		
Administration	5,203	1,226
Research Projects	133,163	104,085
	138,366	105,311
Net Income (Loss) for the Year	(41,365)	(63,525)
Surplus, Beginning of Year	785,902	849,427
Surplus, End of Year	$744,537	$785,902

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Province	$ -	$ 90,000
Payments to Projects	(120,072)	(89,501)
Payments to Suppliers and Board Members	(5,876)	(1,125)
Interest Received	53,676	37,349
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(72,272)	36,723
CASH AND CASH EQUIVALENTS		
Balance, Beginning of Year - Note 6	937,251	900,528
Balance, End of Year - Note 6	$864,979	$937,251

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2001

1. Operations

The PEI Aquaculture and Fisheries Research Initiative Inc. was incorporated on March 27, 1996 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for aquaculture, lobster and processing research in the Province.

2. Commitments

The corporation has approved one research project providing for future commitments of $10,000 in 2001 - 2002.

3. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2001, 100 common shares were issued and outstanding for $100. The Government of Prince Edward Island, as represented by the Minister of Fisheries, Aquaculture and Environment is the sole shareholder.

4. Provincial Administrative Expenses

Costs incurred by the Department of Fisheries, Aquaculture and Environment on behalf of the PEI Aquaculture and Fisheries Research Initiative Inc. in administering this fund are not reflected in these financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

5. Related Party Transactions

In 1998-99, one Board member was hired to conduct research on a project that has received funding from the Research Initiative. The Research Initiative will provide $51,635 towards the project's budgeted cash outlay of $74,685. The total amount budgeted to be paid to this Board member is $22,500. These transactions were made on terms similar to those with unrelated parties and were in accordance with the requirements of the Research Initiative.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and short-term investments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2001	2000
Cash on hand and balances with bank	$ 24,377	$ 97,293
Term deposits	840,602	839,958
Total cash and cash equivalents	$864,979	$937,251